

Message Text

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ACTION ARA-10

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FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC PRIORITY 2503

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

UNCLAS SAN JOSE 0165

E.O. 11652: N/A

TAGS: ETRD, EAID, EAGR, CS

SUBJECT: ASSISTING COSTA RICA TO TAKE ADVANTAGE OF
GSP OPPORTUNITIES

GUATEMALA FOR ROCAP KLEINE

REF STATE 4977

1. EMBASSY BELIEVES THAT RELATIVELY SHORT-TERM
TECHNICAL ASSISTANCE FROM THE U.S. COULD BE OF GREAT
VALUE IN HELPING COSTA RICA TO TAKE MAXIMUM ADVANTAGE
OF GSP OPPORTUNITIES.

2. WE BELIEVE THAT THE MOST HELPFUL TYPE OF ASSISTANCE
WOULD BE A THOROUGH AND COMPETENT STUDY TO DETERMINE
WHICH NEW PRODUCTS COSTA RICA COULD MOST PROFITABLY
PRODUCE FOR EXPORT TO THE U.S. UNDER THE U.S. PREFERENCE
SYSTEM.

3. HOPEFULLY THE STUDY WOULD CONSIDER IN DEPTH BOTH
PRODUCTION POSSIBILITIES IN COSTA RICA AND MARKET
OPPORTUNITIES IN THE U.S. AS TAKING FULL ADVANTAGE
OF GSP WILL PROBABLY REQUIRE CAPITAL AND ESPECIALLY
TECHNOLOGY FROM ABROAD, WE WOULD HOPE THAT THE
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ORGANIZATION CARRYING OUT THE STUDY WOULD ALSO CONTACT
POTENTIAL
INVESTORS IN THE U.S. THESE INVESTORS SHOULD BE
REPUTABLE COMPANIES WHICH WOULD BE WILLING TO
ESTABLISH PRODUCTION FACILITIES IN COSTA RICA, PER-

HAPS WITH LOCAL PARTICIPATION. SUCH A STUDY COULD
PROBABLY BEST BE CARRIED OUT BY A COMPETENT CONSULTING
FIRM WHICH WOULD COMBINE THE NECESSARY TECHNICAL
SKILLS WITH THE CONTACTS IN U.S. BUSINESS CIRCLES.

4. THE END PRODUCT OF SUCH A STUDY MIGHT WELL BE
NOT ONLY A WRITTEN REPORT BUT ALSO A SEMINAR TO
EXPLAIN TO SENIOR COSTA RICAN GOVERNMENT OFFICIALS
THE RESULTS OF THE STUDY, FOCUSING ON THE OPPORTUNITIES
AVAILABLE AND THE STEPS THAT COSTA RICA WOULD HAVE TO
TAKE IN ORDER TO TAKE ADVANTAGE OF THOSE OPPORTUNITIES.
SUCH A SEMINAR, WHICH MIGHT BE OF SEVERAL DAYS DURATION,
WOULD HAVE A USEFUL SIDE EFFECT, IF WELL PRESENTED,
OF CREATING INCREASED UNDERSTANDING AMONG SENIOR COSTA
RICAN OFFICIALS OF THE ELEMENTS OF A HEALTHY INVEST-
MENT CLIMATE.

5. ONE OTHER POSSIBLE TOPIC WHICH THE EMBASSY PUTS
FORWARD VERY TENTATIVELY WOULD INVOLVE QUALIFICATION

OF SUGAR EXPORTS UNDER THE GSP SYSTEM. COSTA RICA'S
SUGAR EXPORTS UNDER TSUS CATEGORY 155.20 ARE
INELIGIBLE FOR GSP PREFERENCE IN 1976 BECAUSE SHIP-
MENTS TO THE U.S. IN 1974 EXCEEDED \$25 MILLION. AS
THERE ARE FOUR OTHER TARIFF CATEGORIES UNDER WHICH
SUGAR CAN ENTER THE U.S., IT MIGHT BE WORTHWHILE TO
STUDY WHETHER OR NOT COSTA RICA COULD PROFITABLY
UPGRADE A PORTION OF ITS SUGAR THROUGH FURTHER
PROCESSING TO MAKE IT ELIGIBLE FOR ENTRY UNDER ANY
OF THESE OTHER CATEGORIES. THE EMBASSY IS SOMEWHAT
SKEPTICAL OF THE POSSIBILITIES BECAUSE THE SUGAR
TARIFF IS QUITE LOW AND IS ALSO NOT CERTAIN WHETHER
THIS IS THE TYPE OF ACTIVITY CONTEMPLATED IN THE
DEPARTMENT'S REFTEL. (AIDAC).

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